

23 January 2009

Legislative Council Panel on Commerce and Industry

Progress update on the support measures for small and medium enterprises (SMEs) arising from the global financial turmoil

As requested by Members at the Panel meeting on 13 January 2009, this note provides supplementary information on the enhanced SME Loan Guarantee Scheme (SGS) and the Special Loan Guarantee Scheme (SpGS).

Updated Statistics

2. As at 22 January 2009, the Trade and Industry Department (TID) has received 1,757 applications¹ from the participating lending institutions (PLIs) under the two schemes, of which 1,291 applications have been approved, involving a total loan amount approaching \$3.1 billion. Of the remaining 442 applications, 201 are being processed by TID, whilst 241 will be processed once the PLIs have provided all the necessary information. Updated figures will be provided in the report for the next Panel meeting scheduled for 17 February.

Supplementary Information to LC Paper No. CB(1)576/08-09(01)

3. At the Panel meeting, Members requested the Administration to present in a consolidated format the statistics in LC Paper No. CB(1)576/08-09(01) for Members' easy reference. We have consolidated the relevant information in the table at the **Annex**.

Revolving Credit Line

4. Members also requested the Administration to provide the number and percentage of cases in which PLIs have used loans approved under the SpGS to provide credit facilities to their existing customers whose original unused credit line have been cut or reduced. So far TID has approved around 100 applications under SpGS involving revolving credit line. According to the PLIs, none of those cases involve credit facilities for their existing customers whose original unused credit line have been cut or reduced.

**Commerce and Economic Development Bureau
Trade and Industry Department
January 2009**

¹ Including 23 applications withdrawn by the applicants and one application rejected.

Supplementary Note to LC Paper No. CB(1)576/08-09(01)

**Statistics on the number of Loan Applications received under
the enhanced SGS and SpGS**

	SGS From 6 Nov 2008 to 4 Jan 2009	SpGS From 15 Dec 2008 to 4 Jan 2009
No. of applications received by the PLIs	2 106	2 356
No. of applications being processed by the PLIs	1 071	2 001
No. of applications withdrawn by the applicants	306	41
No. of loan applications rejected by PLIs	205	136
No. of applications forwarded to TID for processing	524	178
No. of applications approved by TID (amount of loan involved)	342 (\$973 million)	61 (\$201 million)
No. of applications rejected by TID	0	0

Reasons for rejection by PLIs:

1. The applicants have not provided sufficient documents to facilitate assessment	31	12
2. The applicants do not meet the eligibility criteria for the schemes	17	14
3. The applicants have outstanding default	9	8
4. The applicants' financial status is too weak	110	87
5. The applicant cannot demonstrate a reasonable prospect of their businesses	25	5
6. Others	13	10
Total	205	136